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## ABSTRACT

A report on the Michigan project in performance contracting is presented. In contrast to the Office of Economic Opportunity announcement that performance contracting is a failure, the Michigan program has been successful in the initial stage of a major experiment (Texarkana Project). The state legislature has appropriated \$22.5 million for state-local performance pacts and an additional \$500,000 for performance contracts to provide contractual relationships which involve the achievement of specific educational goals before payment is made. Sixty-eight school districts have entered into contractual relationship with the state to deliver guaranteed service. Allocations range from \$7,000 to \$11,800,000. The 1/2 million dollars for experimental performance contracts will be competitively awarded on the basis of proposals from local and intermediate school districts. The six basic steps involved in the educational model are (1) identification of goals by each local school district; (2) development of performance objectives; (3) assessment of student-program needs; (4) analysis of delivery systems; (5) evaluation of programs; (6) recommendations for improvement. (DJ)

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PERFORMANCE CONTRACTING - ACCOUNTABILITY  
AND THE MICHIGAN EDUCATION PROGRAM

Seven weeks ago in Washington, D.C. the Office of Economic Opportunity released a statement which announced a "...reluctant but blunt judgment of failure on performance contracting"

There were many in education who immediately nodded their heads knowingly and with obvious relish declared, "I told you so." There were others, of course, who expressed a great deal of disappointment but were not necessarily discouraged by the conclusions reached by the O.E.O. In fact O.E.O. Director, Thomas K. Glennan, Jr., himself expressed a sadness and stated, "We wanted it to work as much as anyone, knowing that we will have no solutions to teaching poor kids better."

I, for one, cannot agree with those in the "I told you so" category, nor can I agree with the conclusions reached by O.E.O. if our Michigan experience is valid. What is happening in our State has

me turned-on about how the concept of performance contracting can help our teachers do a better management job in the classroom.

In fact, right after the announcement I was reminded of the story about Mark Twain, who, when traveling in Europe, was told that American newspapers had reported his demise. Whereupon he immediately cabled the Associated Press in New York the following statement: "The reports of my death are greatly exaggerated."

It seems to me that one's reaction to the announced failure of performance contracting had to be dependent basically upon one's point of view. If you looked upon this experiment as leading to an educational "panacea" you had to be naive. On the other hand, if you belittled the intent of the experiment, because it was a challenge to teacher competency, you were over reacting.

I would be the first to agree that there are no simplistic answers to the many varied and complex educational problems facing society today. But I am also certain that the same old "tired" answers that education has traditionally, sanctimoniously and perennially offered in the past have not solved the problems for far too many of our children and youth.

Author Charles E. Silberman, in his book Crisis in the Classroom, assesses the current situation in this way:

"The schools have changed substantially in the postwar period; on almost any measure they are doing a better job of

educating minority group and lower-class children now than a generation ago. But not enough better; on almost any measure the schools are still failing to provide the kind of education Negroes, Indians, Puerto Ricans, Mexicans, Appalachian whites -- indeed, the poor of every color, race and ethnic background -- need and deserve."

It seems to me that this is the crux of our present educational dilemma -- too many of our children and youth are not being properly prepared to be absorbed directly into the mainstream of our American way of life.

For example, it has been estimated that more than 30 percent of all students in the nation have major reading deficiencies. In Michigan over one-fourth of our entering ninth graders fail to graduate. In far too many instances a high school diploma does not mean access to a job because salable skills are lacking. This quite clearly is a national as well as a State problem, and for those children and youth, economically and socially deprived, it is particularly critical and severe -- locking them into a cycle of failure that is almost impossible from which to break out. Thus, performance contracting is viewed by some as a low-risk easy-start-up way out of the morass.

The move to performance contracting was not the result of an overnight brain-storming session. Obvious discontent and dissatisfaction on the part of the public with the job being done by the schools, along with the desire on the part of a great many

people to see more positive results for tax monies invested in education, initiated the performance contracting experiment.

The concept is only in its second full year of activity, and based upon results available in my State, its 2-year track record is impressive when compared to our efforts for the past 15 years to attack the problems of the disadvantaged.

In a May, 1971 report prepared for HEW by J. P. Stucker and G. R. Hall, The Performance Contracting Concept in Education, performance contracting is delineated in this manner:

"...a performance contracting program may involve a large profit-oriented business firm; it may involve advanced educational technology; it may involve extrinsic motivators for students and teachers; it may involve an independent evaluator or auditor; or it may involve many other elements. On the other hand, it may involve none of these features. Performance contracting is not a program, but a method for organizing programs."

Put in even simpler terms, performance contracting in Michigan means that a company or agency or individual, private or public, has got the know-how, the methodology, and the technique to demonstrate educational improvement that can be measured and that it will produce a more effective way of delivering educational services to children and youth. And if they can't, they don't collect. This is our position now and this was our position back in 1969-70 during the initiation of the Texarkana project.

For these reasons I have been a strong supporter of the performance contracting process. The decision was not difficult, for if someone can prove to me that they can be of direct help to the educational community on a cost-effective basis in improving student performance, then I, for one, am willing to contract to get that expertise in achieving stated educational objectives for our children, youth and adults.

I did not at that time, nor do I now, see any danger of a takeover of the educational system by private agencies or concerns; nor do I see the mass replacement of our teaching staff; or the downgrading of present educational programs; or local school boards and school administrators taking a back seat to performance contractors. For this reason the concept of "turn-key" seems essential in any state or local plan.

In Michigan we had a number of school districts enter into agreements with different contractors -- Learning Foundations, Inc., Educational Developmental Laboratories, Behavioral Research Laboratories, Betti'Kit Corporation, Combined Motivation Education Systems, Inc., and Westinghouse Learning Corporation.

I personally visited each of these school districts to judge for myself what was taking place. I was impressed by what I saw, by the response of the children involved, and by results taking place in the learning end of it.

The Grand Rapids (Michigan) School District is a case in point. Incidentally, this performance contracting experience was not only featured in the February, 1972 issue of Redbook Magazine, but was also mentioned by syndicated columnist, John Chamberlain, last Tuesday, March 14, in a story filed from the nation's capitol.

Primarily an industrial city, and the second largest city in our State, Grand Rapids had many of the factors that would lend themselves to a solid test. It has a sizable percentage of poor "ghetto" families. It has about a 25 percent minority make-up and it was experiencing many common difficulties.

Grand Rapids did the unusual, it contracted not with just one company, but with three to handle over 1,500 academically deficient students.

Each of the three companies used a different approach, but the objective in each case was the same, improved academic growth and increased potential for each student -- or no payment.

One year ago, the Michigan Department of Education issued a publication entitled, An Introduction to . . . Guaranteed Performance Contracting. Its purpose was to offer to local boards of education and to administrators a practical framework for educational planning and organizing relative to entry into performance contracting. It has been used extensively. More importantly, it lead



directly to the State Legislature appropriating \$22.5 million for state-local performance pacts and an additional \$500,000 earmarked specifically for performance contracts.

In allocating the \$22.5 million, sixty-eight school districts, including about 700 schools, have joined into a contractual relationship with the State in which they guarantee the educational performance of pupils. The majority of the participating schools have directly assumed the responsibility for delivering the guaranteed services. Others have turned to private contractors for that service.

In Michigan, we are serious about the kind of accountability in education that has been demonstrated by Performance Contractors. We intend to pursue that kind of accountability. Local school districts not able to deliver a quality output have the option to turn to those who can deliver that product, be they public or private contractors. The amounts of the allocations will range all the way from \$7,000 to \$11,800,000.

Regarding the 1/2 million dollars set aside entirely for performance contracts that are experimental and demonstration in nature, we believe that Michigan is the first State in the country to take this kind of action. These funds will be competitively awarded on the basis of proposals from local and intermediate school districts. We expect these programs to be in operation beginning this summer and no later than this coming fall.



We have already received 15 applications for review. Total amount involved in those applications now on file hits close to the one million dollar mark. You can readily see that we've got a problem.

In addition to what I have already indicated, there is another reason for our state-wide interest in performance contracting. We believe that it can be used as a tool by school administrators and tied-in directly with our Michigan Accountability Model, as an alternative delivery system utilizing whatever performance objectives the local teachers themselves have agreed are desirable.

During the past two years in Michigan we have been attempting to bring about educational accountability through genuine educational reform. The model I refer to is comprised of six basic steps and is aimed directly at achieving improved student performance through measurable objectives for all children, youth and adults in our State.

Very briefly the six basic steps are:

1. The identification of common goals by every local school district in the State.
2. The development of performance objectives.
3. The assessment of student-program needs.
4. The analysis of delivery systems.
5. The evaluation of programs.
6. Recommendations for improvement, including inservice teacher retraining.

What I am saying is that on a very large scale, the Michigan State Board of Education has committed itself to a "performance contract", if you will, to bring about a statewide plan to effect educational improvement.

In essence, we are trying to respond to a question that is being increasingly asked by parents and taxpayers and legislators all over the country:

"What are we getting in educational results for our tax dollars?"

The people no longer want nebulous answers, or high-blown generalities, or academic gobbledy-gook. They are asking a "gut" question and they want a "gut" response.

We believe that our accountability model is a process whereby we in the profession of education will be able in the very near future to provide a "gut" response to questions about Michigan education. We think we have now determined where we are going, what we are going to do, and how we are going to do it.

We hope next to be able to say very positively that this is what we can do and this is what we cannot do in education. This process should give us the data necessary to ask for money that we absolutely must have to do the job and to say "no" to funds that exceed those demands.

Very optimistically, we believe that this model will permit us to apply "quality control" at all levels of education in order to assure a youngster that he or she will have the opportunity to acquire the basic skills, the psycho-motor and affective domain appreciation to become -- as author Silberman indicated -- a contributing member of our socio-economic technological society, rather than a reluctant welfare case.

In my opinion, performance contracting is not now, nor has it ever been, a hydra-headed Madison Avenue monster lurking in the "shadows of the blackboards" to do the impossible. Performance contracting, we think, is simply a means whereby teachers and administrators can be helped not hindered. In effect, it has forced us to take a more realistic look at ourselves. It has required us to question what we are doing in education and why. It has brought into the forefront terms that for too long a time we in education have tended to look down upon in distaste -- management systems, measurable objectives, student assessments, cost-effectiveness, educator accountability.

The thrust of performance contracting has brought a new awareness not only to the "buying public" but also to those of us in the profession of education -- an awareness that our society can no longer afford to continue to operate in the "same old way" without taking a hard look at what we are doing.

We are now doing that in Michigan. And in order to be successful, we believe that we have got to shift the emphasis in our schools from educational input -- so many teachers with so many advanced degrees and so much experience, library books, etc. -- to educational output -- graduates with the skills needed to be better citizens as well as to be eligible for jobs in the world of work.

If we are unable to make this shift and if our output -- the student -- is unable to appreciate what we have tried to do, and if his family cannot measure our impact over a 10 to 12 year period, then society will be most reluctant to continue to invest billions of dollars in the educational process, and in my opinion, that is a reasonable position for society to take.

Initial steps to test our accountability model have already been taken; first, on an individual school basis -- eleven different elementary schools have volunteered to take part in the project. Second, on a district-wide basis, we have two -- one wealthy and one poor -- that have agreed to check this model out administratively to see whether or not a systems approach will make a difference.

If the eleven elementary schools taking part in this operation can demonstrate that they can indeed make a difference in the learning experience of the children they serve, utilizing performance contracts in several instances, then there is no reason to believe that we cannot replicate these techniques -- this

management by objectives in many of our other 3,000 elementary schools. And as I indicated earlier, this is not a procedure that is groping in the dark -- performance objectives, criterion reference tests are an integral part of the entire model.

However, even if we are successful at the elementary school level, we still have the need to demonstrate district-wide results, bringing to bear the whole new concept of career education. We look to performance contracting to provide the management support system enabling poorer districts to get turned around and back on the right track.

Acknowledging that what we have done up to this point are but initial steps, we have dared to go a step beyond. In Michigan we believe the concept of acceptable guaranteed student performance can be achieved on a county-wide basis. We are proposing right now that one entire county, comprised of 12 school districts with some 30,000 students, enter into a performance contract with a single private company wherein any elementary school child not performing up to an acceptable standard, for whatever reason other than organic, will be guaranteed one year's growth for one school year.

Let me add here that we have the private contractor who has accepted the challenge to either produce or forego payment.

What we hope to do with the performance contract concept or process is bring together districts of different sizes, different

economic levels, both rural and urban, with various racial, ethnic, socio-economic status -- and then with their own teachers, programs, and administration apply a concept of a guaranteed learning experience. It is getting education back to the "grass roots" community level.

I believe that this will be the first time in the United States that this has been tried in this manner.

There is an additional implication in the use of performance contract techniques and in our accountability model. When fully operational and implemented, it puts the responsibility for the educational progress of the children directly at the school building level. Each school will be accountable for determining -- with the citizens in its community -- what it wants to do; how it wants to do it; and by what means it will get the job done.

For example, an elementary school principal with an enrollment of 600 students may decide along with her staff of 25 teachers and after pre-testing and assessment that the school program will be able to bring up to and keep 500 of the students at a level of achievement that the school has decided is a minimum requirement. Under our program, that principal and her staff has the option to contract with a private concern to do the same job for the other 100 students.

Exactly one year ago I took part in a conference on Accountability in Education. At that time I made the statement that --

"Many of the principles underlying performance contracting and the more general concept of accountability, when put together are worthy of consideration and utilization by school districts, and by all teachers."

Nothing has happened during the intervening 12 months to cause me to change my mind. In fact, if anything, I am more convinced that this is a sound approach. I believe we have reached a point in time when we must acknowledge that education is not an end in itself, but only a means to an end. And the real purpose of education is action -- to get our children and youth ready for adulthood.

When we look at education in this light and when we strip away all the "ivory tower", educational jargonese, performance contracting, accountability and the job of teaching simply means to guarantee that nearly all boys and girls, without respect to race, regardless of their geographic location, and disregarding the family's socio-economic status, will acquire the minimum school skills necessary to take full advantage of the adult choices that accrue upon successful completion of public education, or we -- the professionals in education -- will publicly report the reasons why it did not happen.

Last month at the Annual Conference of the American Association of School Administrators in Atlantic City, Charles Blaschke, President of Education Turnkey Systems, a Washington, D.C.



based Management Support Group which has been involved in planning over half of all performance contract projects in the country, stated:

"The performance contract turnkey approach offers a low-risk, low-cost vehicle for school systems to experiment; a politically palatable and educationally effective means to desegregate or to provide the new concept of equality of results in the communities where the neighborhood school concept is strong; a means for rationalizing collective bargaining between school boards and unions; a means to involve the community in policy planning and operations; a means to reduce the costs of education in areas such as math and reading and vocational training; and a means to humanize the classroom."

Performance contracting will be effective, operational and successful only to the extent that the individual state and school district want it to be. You cannot go into such a program on a quick, one-shot basis. Your community, your faculty, your administrators, and your clients, the boys and girls, have got to understand what you want to do and how you hope to do it.

I am convinced that it offers another means to be explored thoroughly in order that we might have alternatives to our educational delivery systems so that we may more fully benefit the vast majority of our children, youth and adults.

In his second Inaugural Address, 35 years ago in 1937, President Franklin Delano Roosevelt said:

"The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

I believe that statement is directly applicable to education in America today. And in the very broadest sense, that is the over-riding challenge which has brought performance contracting into the limelight.

The bold concept and belief in free public education; the uniquely American institution of education as we have experienced it; the faith and trust that Americans -- for nearly 200 years -- have placed in this system, to try to develop each individual to his or her full potential -- this system is on trial as never before. It is time that we in education moved vigorously to reach that goal in fact, and never again by meaningless rhetoric.